A1500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 7 JULY 1986

Paper and Paperboard Production: Maintaining Strength

The rate of paper and paperboard production remained in the 70 million tons per year range in June, closing out the first half 1986 total at 4.8% above that of the first six months of 1985. The first half 1986 seasonally adjusted annual rate of production of 70.1 million tons, was 2.4% above the previous annual high established in 1984.

Most of the advances in current output over last year continue to occur in the paperboard grades, with recycled and semichemical paperboard leading the way with year-to-year gains at 8.1% and 8.8% respectively. The major tonnage increases, however, were in kraft paperboard; the first half 1986 production annual rate of 17.5 million tons represents a 1.1 million tons per year (6.6%) increase over its year-earlier rate and a 300,000 tons per year increase (1.8%) over the record high 1984 level. This strength in total paperboard production reflects, in part, the improving export markets for paperboard as evidenced by the 14.3% increase in total paperboard output for export relative to a year ago in the first half of the year. If maintained throughout the year, the annual rate of 2.8 million tons posted so far would indicate an advance of 10.5% above the total for 1985. Domestic demand has also been a strong component of paperboard; containerboard and boxboard production for domestic use for the first half of 1986 were 5.6% and 5.9% above the comparable January-June 1985 totals.

Total paperboard production in the first half of the year gained 7.0% over the sluggish January-June 1985 rate; paper production, which was somewhat stronger than paperboard for this same period in 1985, showed a 2.8% gain in the first half of this year.

Paper: Overall, total paper production has been holding the high trend established in the first month of this year. On a seasonally adjusted basis, the tonnage in each of the past three months remained near the record high 35.1 million tons per year average.

Continued on Page 2

COPYRIGHT © 1986 AMERICAN PAPER INSTITUTE 260 Madison Avenue New York, N.Y. 10016

Continued from Page 1

Among the major paper grades, production of uncoated free sheet papers continues its strong trend. The 8.2% gain in the first half of this year over the first two quarters of 1985 is due in large part to a 14.5% rise in U.S. shipments to business form converters, which accounted for more than a quarter of the domestically produced uncoated free sheet used in the U.S. last year. The other major uncoated free sheet markets -- commercial printing and office reprographics -- are also healthy, up 5.8% and 5.6% over year ago levels respectively. At the same time, imports have moved sharply upward, gaining 37.0% over the same period of last year while exports declined nearly 35%. At 450,000 tons per year, imports accounted for about 4% of the total new supply of uncoated free sheet.

The rate of newsprint production has made a slow recovery over the last two months to bring the year-to-date total to nearly 2% above its year-ago level. Consumption by publishers continues to bolster demand and climbed again in May. Tissue paper is also doing well so far this year, with, at an annual rate 3% above the 1985 total. Imports are still relatively high however, at nearly 20% above a year ago, accounting for about 1.5% of total new supply.

Paperboard: While total paperboard has shown a larger gain than paper in the January-June period, up 7.0% from its comparable year-earlier level, the seasonally adjusted average production rate of 34.8 million tons per year was only 2.2% ahead of the 1984 record total. Production of paperboard in the first half of 1985 was depressed by sizable reductions in mill and plant inventories, thus distorting 1986-1985 comparisons.

As the table on page 3 shows, production of containerboard for domestic use gained 5.6% over its year-ago level and 1.2% over its 1984 total. When the effects of inventory changes at mill and boxplants are taken into account, the 1986 rate shows a 5.2% gain over the comparable 1985 total and a 4.4% gain over the 1984 level. This compares to a 3.1% gain in production of consumer goods from 1985 to 1986 -- a major market for corrugated shipping containers -- and a 4.2% gain from 1984 to 1986. Total corrugated box shipments rose by 5.2% from the 1984 level to the first half of 1986.

Production of boxboard for domestic use in the first half of 1986 was 5.9% above year ago levels. Boxboard was not particularly affected by changes in inventories, and the 1985-1986 comparisons offer good indications of current use trends. Production of other paperboard for domestic use -- largely non-packaging grades such as gypsum wallboard facings and panelboard -- were up 10.2%, with the year-to-date rate 9.5% above

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

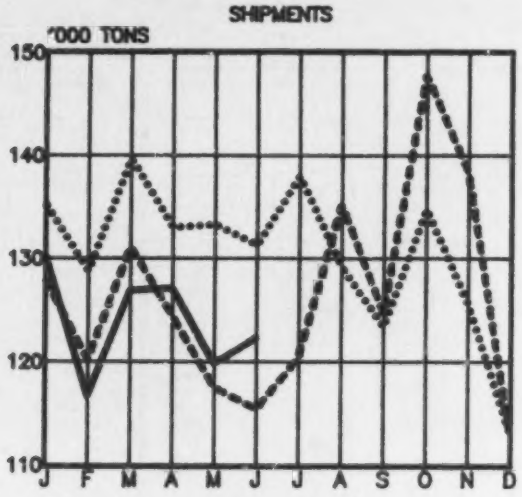
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1984	YEAR 1985	MAR. 1986	APR. 1986	MAY 1986	JUNE 1986	Annual Rate Y-T-D 1986	% Change From same Period Last Year
PAPER								
Newsprint - Production	5539	5428	489	451	492	463	5582	1.8
- Shipments	5584	5417	479	458	489	469	5509	1.0
Printing & Writing sum	18397	18450	1661	1606	1608	1610	19327	4.0
Groundwood Paper - Shipments	1565	1516	127	127	120	122	1485	0.9
- New Orders	1575	1477	128	138	104	140	1540	8.3
-Unfilled Orders	140	106	115	126	114	138	138	17.7
Coated Papers - Shipments	6249	5875	504	510	497	506	6049	-1.8
- New Orders	6281	5642	533	498	500	525	6188	7.0
- Unfilled Orders	575	393	428	421	426	443	443	5.9
Unctd Free Sheet - Shipments	9207	9750	910	856	876	876	10430	8.2
- New Orders	8939	9704	879	858	897	867	10430	9.0
- Unfilled Orders	430	509	466	470	496	488	488	1.1
Thin Papers - Shipments	267	241	19	19	20	18	232	-6.6
Cotton Fiber Paper - Shipments	147	144	13	13	13	13	155	5.6
Bleached Bristols - Production	961	924	88	81	83	75	976	5.5
Tissue Paper - Production	4921	4941	436	424	444	421	5109	3.5
Total Packaging & Other Paper	5555	5202	445	442	435	417	5167	-0.8
Unbl. Kraft Paper - Shipments	3666	3403	295	292	282	274	3399	.0
Other Paper - Production	1889	1799	150	150	153	143	1768	-2.3
TOTAL PAPER-Production-Unadj.	34411	34021	3031	2923	2979	2911	35186	2.8
-Production-S.A.			2871	2929	2923	2937	34931	2.7
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25404	2326	2229	2360	2308	27091	6.6
Total Unbl. Kraft Paperboard	17185	16368	1496	1424	1529	1508	17487	6.6
Unbl. Kraft Linerboard (1)	16037	15183	1345	1348	1411	1385	16132	5.8
Production for Export	2086	1830	199	156	169	181	2061	16.8
Other Unbl. Kraft Paperboard	1149	1184	151	76	119	123	1355	16.3
Semichemical Paperboard	5169	5088	452	443	457	452	5301	5.2
Production for Export	149	189	15	15	13	15	178	12.0
Solid Bleached Paperboard	4048	3948	378	361	373	347	4302	8.8
Production for Export	478	466	44	50	46	43	508	6.7
Recycled Paperboard	7637	7630	708	697	705	670	8230	8.1
Production for Export	17	26	2	2	2	3	26	-0.6
TOTAL PAPERBOARD-Prod.-Unadj.	34039	33034	3034	2926	3065	2978	35320	7.0
- Containerboard Prod.(Dom. Use)	20993	20042	1795	1753	1862	1810	21238	5.6
- Boxboard Prod.(Dom. Use) (2)	5783	5673	535	504	514	485	6042	5.9
- All Other P'bd Prod.(D.U.) (2)	4531	4808	445	445	459	441	5266	10.2
- Total Paperbd Prod. for Export	2731	2511	260	223	230	242	2774	14.3
TOTAL PAPERBOARD PROD.- S.A.			2835	2917	2903	2931	34800	6.8
TOTAL PAPER AND PAPERBOARD								
Production - actual	68450	67055	6065	5849	6044	5889	70506	4.9
Production - S.A.			5705	5847	5826	5868	69732	4.7

(1)Includes all exports of kratt paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

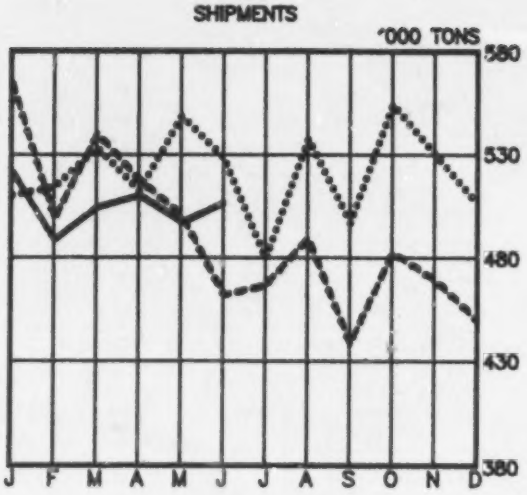
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



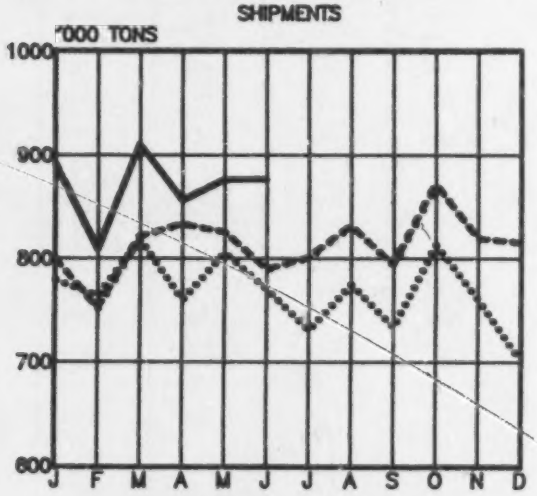
COATED PAPER

SHIPMENTS



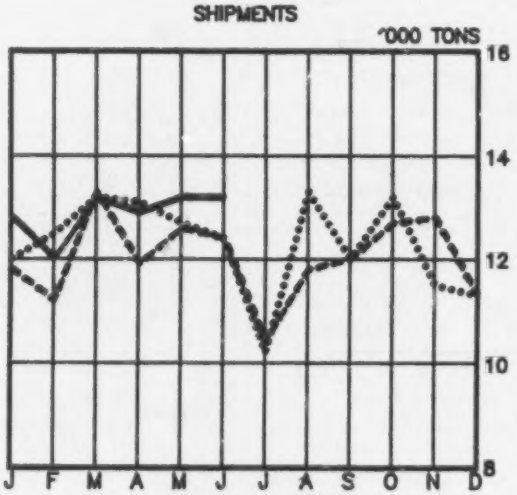
UNCOATED FREE SHEET PAPERS

SHIPMENTS



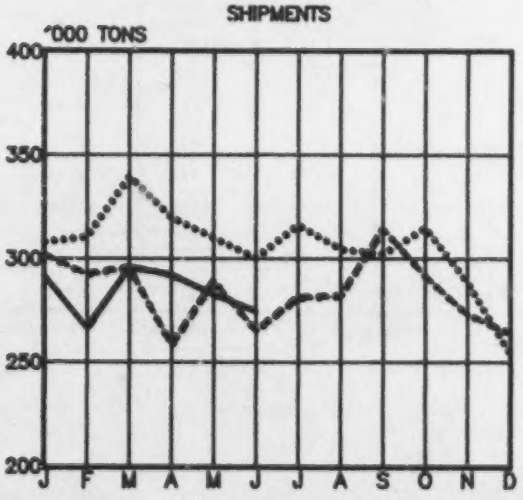
COTTON FIBER PAPER

SHIPMENTS



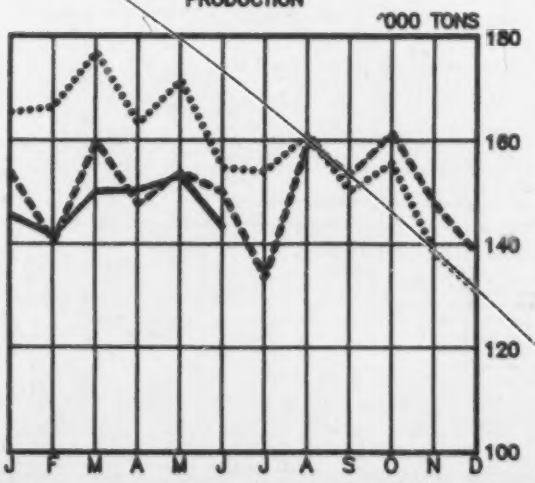
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ..... 1985 - - - - - 1986 ——

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1984	YEAR 1985	FEB 1986	MAR 1986	APR 1986	MAY 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	55470	54170	4407	4844	4763	4732	56617	3.8
- Imports	4490	4466	335	387	349	422	4501	0.4
- Exports	3594	3791	342	414	350	365	4431	18.5
- New Supply	56367	54844	4399	4816	4754	4789	56688	2.5
Dissolving Pulp - Production	1206	1174	95	109	97	110	1242	-3.9
- Imports	161	175	13	22	22	13	242	45.7
- Exports	595	631	48	57	62	63	683	-0.8
- New Supply	772	718	60	74	58	60	800	4.0
Paper Grades - Production	44690	43696	3576	3922	3859	3819	45855	4.8
Chemical Pulp - Imports	4023	4104	317	361	320	385	4153	1.1
- Exports	2945	3131	288	340	292	299	3671	21.5
- New Supply	45767	44668	3605	3942	3887	3905	46338	3.3
Groundwood and - Production	5506	5251	425	467	459	464	5466	1.1
Thermo-Mech. - Imports	306	187	4	5	7	24	106	-49.0
- Exports	54	29	6	16	4	3	77	154.3
- New Supply	5758	5409	424	455	462	484	5496	-1.6
Semi-Chemical - Production	4069	4050	311	346	347	340	4054	-0.4
- Imports			- - - - -	Included in Groundwood Pulp			- - - - -	
- Exports								
- New Supply	4069	4050	311	346	347	340	4054	-0.4
MARKET WOOD PULP								
Total Market - Production	6898	6800	589	636	587	613	7313	5.7
Wood Pulp - Imports	2968	2791	221	270	247	281	3036	9.6
- Exports	3511	3784	365	391	355	321	4369	15.8
- New Supply	6355	5807	445	515	479	573	5980	1.1
Dissolving Pulp - Production	1205	1171	94	108	97	109	1233	-4.6
- Imports	204	174	8	22	22	10	209	14.8
- Exports	690	666	57	55	66	57	693	-1.8
- New Supply	718	679	45	75	52	61	749	-2.6
Paper Grades - Production	5680	5605	495	526	491	503	6071	8.2
Chemical Pulp - Imports	2664	2531	210	244	221	253	2746	9.2
- Exports	2821	3117	308	336	289	264	3677	19.9
- New Supply	5523	5019	397	434	422	492	5140	1.6
Groundwood Pulp - Production	14	24	0	2	0	1	9	-25.5
and All Other - Imports	100	86	3	4	4	19	81	11.1
- Exports	1	1	0	0	0	0	0	0.0
- New Supply	114	109	3	6	4	20	91	9.4

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

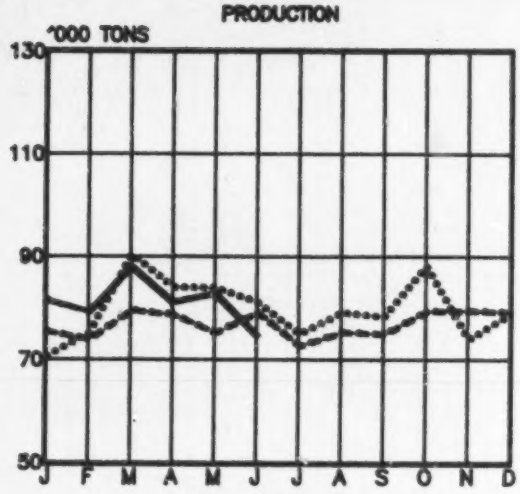
FIBROUS RAW MATERIALS
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	70488	68625	5564	6152	5964	6094	71732	4.2
Total Wood Pulp	54562	53297	4277	4739	4619	4668	55243	3.1
Waste Paper	15926	15290	1287	1413	1345	1427	16490	7.9
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	157	143	149	172	172	-1.5
Producers' Market Inventories	585	486	422	372	365	355	355	-36.7
Consumers' Purchased Inventories	545	492	528	543	529	486	486	-2.6
Waste Paper at Paper & Bd. Mills	1053	978	906	874	878	832	832	-15.8
Days of Supply at Pulp Mills of								
Chemical Paper Grade Mkt Pulp	42	30	25	20	20	21	21	-38.2

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

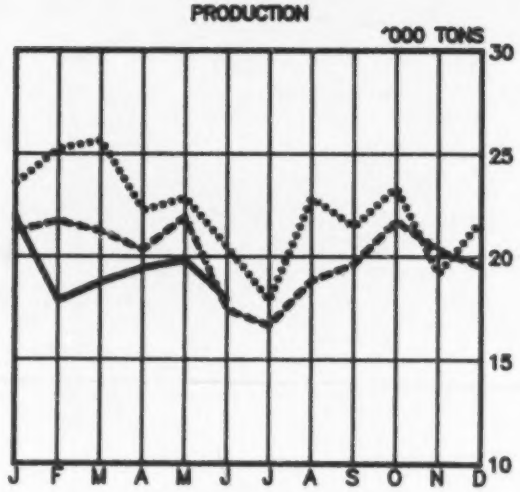
BLEACHED BRISTOLS

PRODUCTION



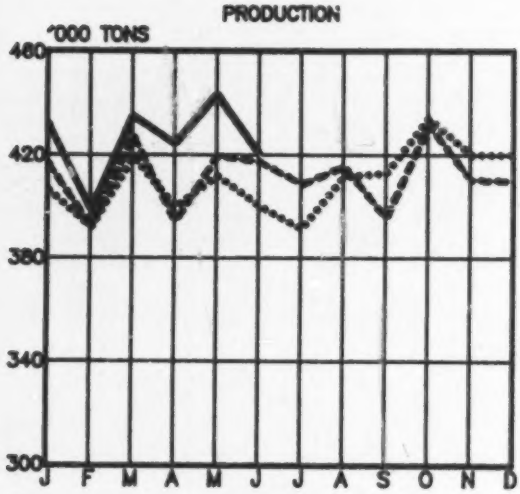
THIN PAPER

PRODUCTION



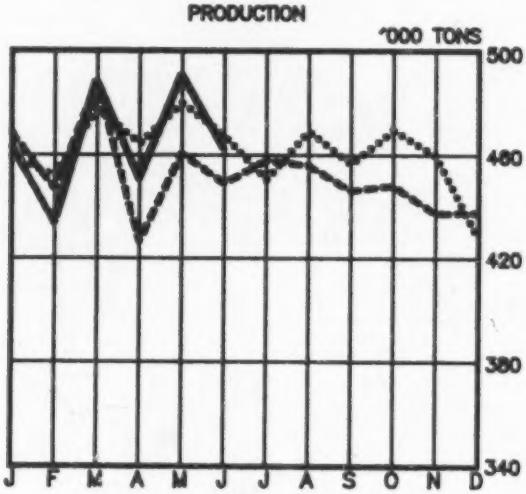
TISSUE PAPER

PRODUCTION



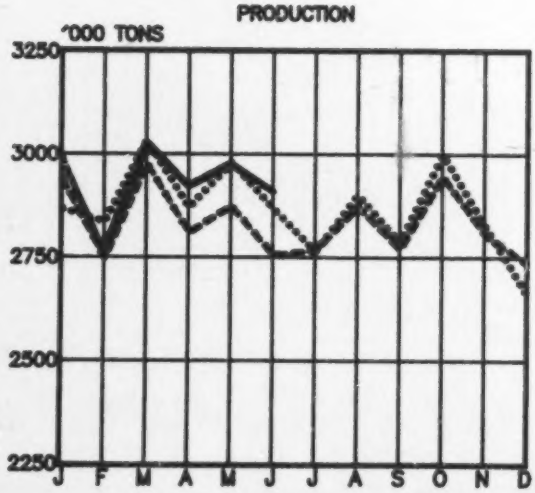
NEWSPRINT

PRODUCTION



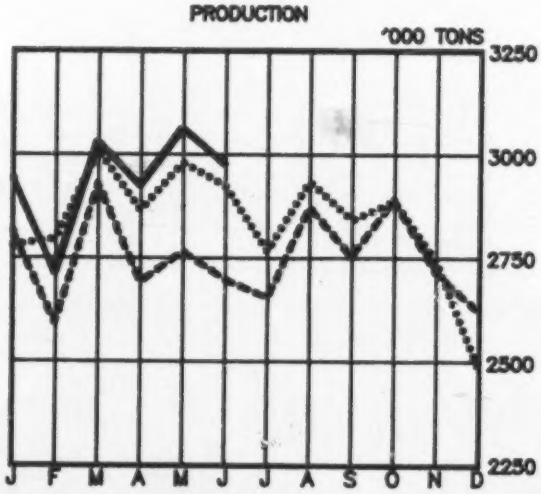
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ••••••••• 1985 ▬▬▬▬ 1986 ——

F I B R O U S R A W M A T E R I A L S
(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1984	YEAR 1985	FEB. 1986	MAR. 1986	APR. 1986	MAY 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85503	7483	7294	7591	7277	90559	4.8
	- Total Consumpt	87646	85744	7261	7478	7742	7499	90864	4.4
	- Residues *	32072	30447	2668	2623	2974	2864	33530	9.7
	- Inventories	5574	5046	5807	5433	5335	4910	4910	-0.8
So. Atlantic	- Total Receipts	27654	27589	2393	2410	2573	2381	29813	8.2
	- Total Consumpt	27344	27815	2350	2436	2551	2395	29462	5.9
	- Residues *	8198	7970	772	699	802	816	9425	19.8
	- Inventories	1444	1117	1210	1243	1147	1117	1117	-6.5
Northeast	- Total Receipts	7665	7430	665	625	520	526	7181	-5.3
	- Total Consumpt	7474	7394	601	635	639	573	7474	-4.9
	- Residues *	1501	1539	111	125	138	118	1445	-10.4
	- Inventories	590	544	560	540	411	360	360	-18.6
South Central	- Total Receipts	30693	29786	2596	2454	2604	2539	31402	3.4
	- Total Consumpt	30502	29914	2546	2572	2623	2711	31774	4.7
	- Residues *	9059	9207	764	763	829	823	9694	3.3
	- Inventories	1304	1198	1418	1279	1262	1087	1087	-9.4
North Central	- Total Receipts	6872	6430	616	504	423	484	6353	-1.0
	- Total Consumpt	6563	6296	533	548	567	567	6648	3.5
	- Residues *	1472	1290	94	85	92	88	1094	-19.7
	- Inventories	906	884	1061	970	873	807	807	-3.1
West	- Total Receipts	15992	14264	1213	1301	1471	1347	15811	9.3
	- Total Consumpt	15763	14325	1231	1287	1362	1253	15506	6.4
	- Residues *	11842	10458	927	951	1113	1019	11873	14.8
	- Inventories	1330	1303	1558	1401	1642	1539	1539	20.0

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 15-Jul-86

U N I T E D S T A T E S T R A D E W I T H C A N A D A

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	APR. 1986 Tons	APR. 1986 $000's	MAY 1986 Tons	MAY 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	6058	463	8874	685	46080	10.9
Pulpwood chips	788486	21955	85257	1978	90332	2126	915511	-3.1
Wood Pulp, Total	4020736	1385871	324954	106464	360134	121048	3768202	-7.1
Waste Fibrous Materials, Total	144564	26371	11909	1845	14140	2409	160777	-3.0
Paper, Board & Products, Total	9734523	4306694	748067	332781	873125	390204	9771043	-0.4
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	738696	317105	861898	373452	9653552	-0.8
Paper, Paperboard & Products	9380235	4215314	725994	326252	848553	382089	9518759	1.0
Paper & Paperboard, Only	9286488	4073606	716623	310576	837326	366137	9401268	0.6
Paper, Total	9132128	4030872	695984	305384	816950	360744	9183129	-0.2
Newsprint	8117986	3496944	626182	269804	726641	313619	8197536	-0.6
Printing, Writing & Rel. Pap.	841500	435561	55935	28625	72746	38034	790538	-0.1
Pack. & Ind. Conv. Paper	124100	64640	11442	5152	14330	6631	159172	42.5
Special Industrial Paper	3463	5393	265	451	387	650	4317	38.8
Tissue Paper	45081	28334	2159	1352	2846	1809	31567	-34.3
Paperboard, Total	154360	42734	20639	5192	20376	5393	218138	44.2
Convtd Paper&Paperbd Products	93747	141708	9371	15676	11227	16753	117491	58.1
Wet Machine Board	2184	1481	205	124	178	121	2296	16.9
Construction Paper & Board	352104	89898	21868	6404	24394	7194	249989	-35.1

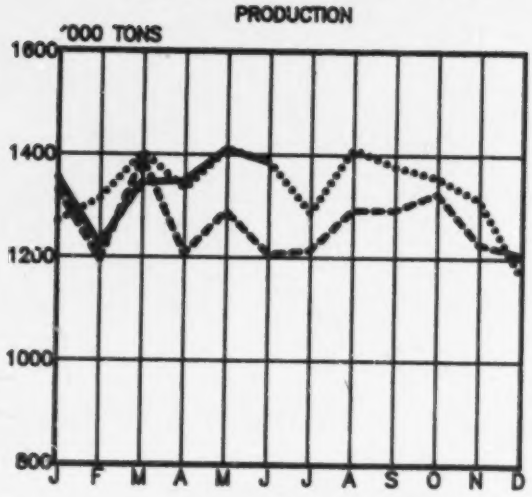
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	4954	399	7834	494	38450	-0.9
Pulpwood chips	92626	4780	9228	509	1508	100	67212	-21.8
Wood Pulp, Total	203934	79541	22860	6379	16678	5108	272485	36.5
Cotton Pulp & Other Pulp	15083	6252	2397	816	1065	498	24866	114.5
Waste Paper	209087	23249	14592	1459	14582	1527	175606	-18.3
Paper, Board & Products, Total	736140	485290	78605	39538	60683	34541	908643	20.5
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	66282	27183	49106	24766	755920	28.1
Paper, Paperboard & Products	710785	473839	76042	38664	58516	33675	881054	20.8
Paper & Paperboard, Only	554413	322162	63719	26308	47140	23900	728331	28.8
Paper, Total	271754	223971	26134	16572	20544	16751	310222	0.2
Newsprint	3757	3276	319	240	375	335	3118	-16.3
Printing, Writing & Rel. Pap.	133800	118625	10728	8653	10265	8862	123282	-22.5
Pack. & Ind. Conv. Paper	41327	23536	1717	1120	2418	1444	29481	-38.2
Special Industrial Paper	90071	74893	13095	6114	7322	5855	151732	57.5
Tissue Paper	2799	3641	275	444	164	255	3610	1.2
Paperboard, Total	282658	98191	37585	9736	26596	7149	418109	63.3
Convtd Paper&Paperbd Products	156372	151676	12323	12356	11376	9775	152723	-6.7
Wet Machine Board	5786	4243	1263	295	1103	442	9441	84.3
Construction Paper & Board	19570	7209	1299	579	1064	424	18148	-6.8

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 15-Jul-86

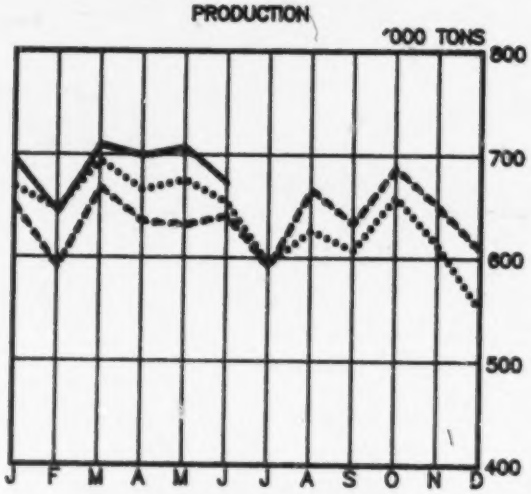
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



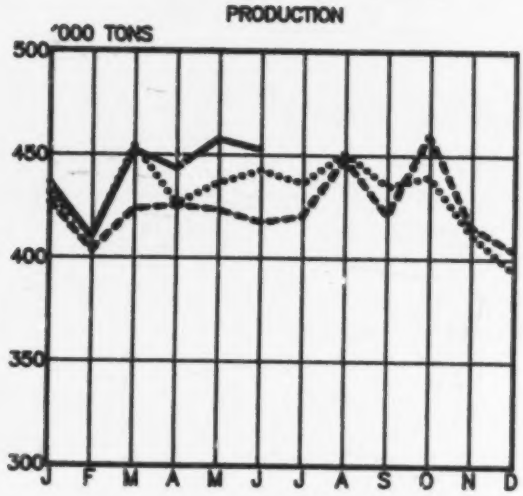
RECYCLED PAPERBOARD

PRODUCTION



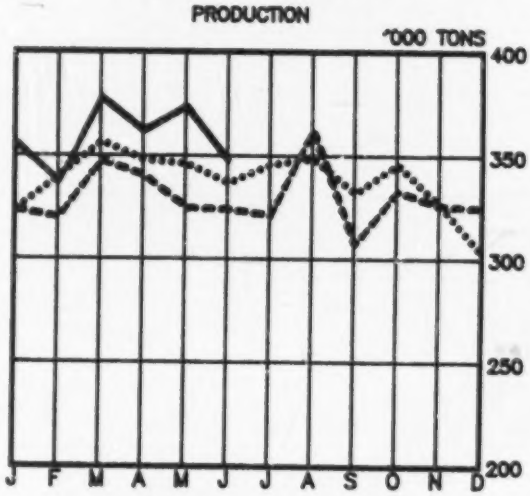
SEMICHEMICAL PAPERBOARD

PRODUCTION



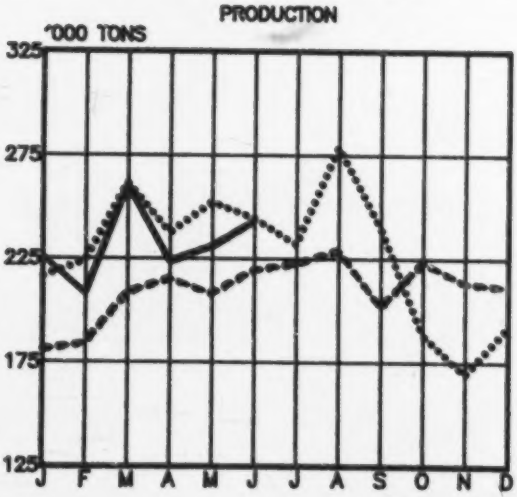
SOLID BLEACHED PAPERBOARD

PRODUCTION



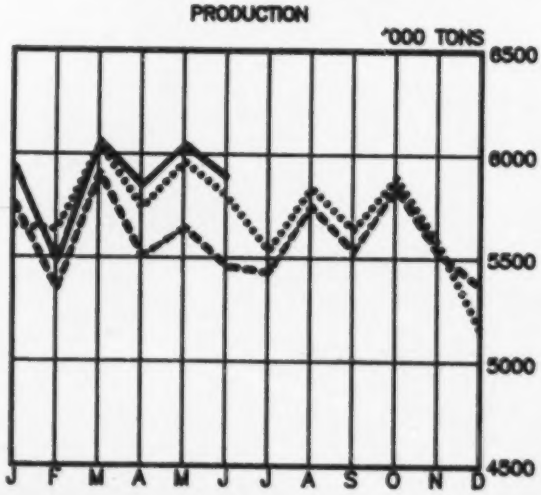
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ••••••••• 1985 - - - - - 1986 ——

I M P O R T S

	YEAR 1985 Tons	YEAR 1985 $000	1986 APR. Tons	1986 APR. $000	1986 MAY Tons	1986 MAY $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	7158	779	8874	685	48720	-23.2
Pulpwood Chips	789382	22006	85773	1982	90371	2139	918557	-3.0
Total All Imports	16156209	7255817	1261264	562486	1470035	657714	16333134	-0.2
Wood Pulp Total	4465746	1520907	349100	113738	422443	139836	4501442	0.4
Waste Paper	87413	10160	8386	791	8977	939	97973	19.0
Other Fibrous Materials	81430	26949	19770	2057	9137	2347	129614	23.5
Paper Board & Products Total	11521619	5697802	884008	445899	1029478	514593	11604105	-0.8
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	855581	382486	996569	450406	11254080	-1.8
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	853774	436546	996323	503571	11267163	.0
Paper & Paperboard Only	10821629	4962757	825347	373133	963414	439384	10917138	-0.9
Paper Total	10637428	4906882	798692	365820	940079	432735	10656159	-1.7
Newsprint	8496568	3638716	658842	282104	751706	323052	8515606	-0.9
Printing & Writing	1912867	1116225	122282	72901	164285	94503	1856094	-8.9
Uncoated Groundwood	1027211	530619	57681	29930	83528	43931	917519	-16.4
Coated Print.& Impreg. Pap.	496072	363855	33595	24649	38079	27066	443702	-24.0
Uncoated Free Sheet	364848	198432	27083	15425	39211	20800	449743	37.0
Uncoated Book	200927	106586	14423	7972	21903	11208	231877	31.4
Writing and Similar Paper	163921	91846	12660	7453	17309	9592	217866	45.5
Thin (except Cigarette)	23712	22276	3862	2840	3398	2618	44579	68.7
Bristols	1024	1043	61	57	69	89	550	-42.8
Total Pkg & Other Paper	172003	116390	14986	9020	18632	11659	223246	39.4
Unbleached Kraft Paper	63604	23976	7685	2812	8781	3296	92197	95.4
Other Pkg. & Indust. Paper	108398	92414	7302	6208	9851	8363	131049	16.0
Tissue	55991	35551	2582	1796	5456	3520	61213	19.8
Paperboard, Total	184201	55875	26655	7313	23336	6649	260979	43.6
Test or Containerboard	50975	16848	5237	1749	5998	2056	71628	36.3
Semi-Chemical Corrugating	65203	13706	9356	1666	10175	2154	93701	53.9
Other Paperboard	68023	25321	12062	3898	7163	2440	95651	40.0
Convtd Paper&Paperbd Products	283525	623320	28427	63413	32909	64187	350025	44.3
Paper Products, Total	258934	572316	26158	58588	30246	59455	322851	47.9
Paperboard Products, Total	24592	51004	2270	4825	2664	4732	27174	12.4
Wet machine Board	3270	2585	211	128	221	162	3623	14.0
Construction Paper & Board	413196	109140	30023	9225	32933	10860	333318	-23.2
Notes								
Other: No Weight Avail. ($000)		228219		14137		17702	190803	-6.6
Total Imports Incl. Other($000)		7484036		576622		675416	7505675	-1.3

E X P O R T S

							(1)	
Pulpwood, Roundwood (cords)	51765	3037	5460	422	7834	494	44222	12.5
Pulpwood Chips	2116137	168814	159060	10830	265091	19606	2235725	.0
Total All Exports	11261281	4042068	1131458	381418	1091908	398412	13063552	18.3
Wood Pulp,Total	3791102	1352708	357752	126329	365182	139376	4430930	18.5
Cotton Pulp and Other Pulp	107224	71802	19465	9052	11404	6473	190555	120.4
Waste and Old Paper	3285926	349258	338278	34609	300736	32047	3685562	14.2
Paper, Board & Products,Total	4077029	2268300	415963	211428	414586	220517	4756504	19.4
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	374312	151831	370575	165078	4248211	23.0
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	407994	207796	407581	216442	4661232	19.1
Paper & Paperboard, Only	3517311	1548451	366343	148199	363571	161004	4152938	22.7
Paper, Total	779000	594338	69092	50013	70974	55465	850641	3.4
Newsprint	314385	131379	23691	11782	28888	14773	312780	-4.8
Printing & Writing	202826	201845	16542	15399	15165	15117	198110	-9.3
Uncoated Groundwood	36779	31727	4523	3008	2670	2003	48475	27.6
Clay Coated Paper	82461	65710	6457	4898	6889	5138	82362	-1.6
Uncoated Free Sheet	64573	77929	3448	4786	4259	6026	49717	-34.6
Other Printing & Writing	19013	26479	2113	2708	1348	1949	17556	-14.8
Total Pkg. & Other Paper	243671	242909	27045	20948	25741	24081	324408	29.0
Unbleached Kraft	67695	29931	6530	2543	11358	4439	81298	18.9
Other Pkg. & Indust. Paper	175976	212978	20514	18404	14384	19642	243111	32.8
Tissue	18118	18205	1814	1885	1180	1493	15343	-36.7
Paperboard, Total	2738310	954113	297251	98186	292596	105539	3302297	28.9
Solid Wood Pulp	2492746	872281	267576	91009	268289	99033	2953986	26.4
Total Linerboard	1807151	480909	198499	52533	192617	54417	2153064	31.5
Bleached Kraft Linerboard	130359	45687	11708	4442	17643	5954	153044	32.8
Unbleached Kraft Linerbd	1676791	435222	186791	48092	174974	48453	2000020	31.4
Other Unbleached Kraft	100651	41053	13373	4639	16386	6469	152783	69.4
Other Bleached Kraft	523091	335026	52023	32903	55852	37194	576935	5.0
Semi-Chemical Corrugating	61853	15293	3681	934	3435	953	71204	18.9
Recycled Paperboard	245564	81833	29675	7176	24308	6507	348312	54.2
Convtd Paper&Paperbd Products	490910	680143	41651	59597	44010	55438	508293	-3.8
Paper Products, Total	237191	464174	19982	40497	20449	36441	230798	-9.9
Paperboard Products, Total	253719	215970	21669	19101	23562	18998	277495	2.1
Wet Machine Board	13380	6930	2439	611	1672	651	19293	41.2
Construction Paper & Board E	55429	32776	5530	3020	5333	3423	75979	35.3
Notes								
Other: No Weight Avail. ($000)		6618		606		725	8005	17.5
Total Exports Incl. Other($000)		4048687		382024		399137	4452765	6.8

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	MAR. 1986	APR. 1986	MAY 1986	JUNE 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	289.0	290.1	291.3	292.1	289.7	-1.9
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	291.5	292.5	293.7	294.2	292.2	-1.8
Total Wood Pulp	395.0	347.2	335.0	333.9	345.1	357.5	338.8	-5.1
Total Paper	303.2	303.6	301.5	303.4	304.3	304.5	302.7	-0.7
Total Paper, exc. Newsprint	301.2	298.8	295.5	297.8	298.9	298.8	297.0	-1.0
Newsprint	324.1	332.9	324.3	324.1	324.1	323.1	324.1	-2.8
Total Paperboard	280.6	275.5	266.1	266.7	266.3	268.6	265.8	-6.5
Total Paper and Paperboard *	296.1	294.8	290.4	291.9	292.4	293.2	291.1	-2.4
Converted Products	290.7	288.1	286.4	287.4	288.4	287.8	286.9	-1.0
Waste Paper	240.1	148.8	139.5	146.7	149.1	168.3	144.9	-12.5
All Commodities	310.4	308.9	300.3	297.9	299.2	298.9	301.7	-2.5
Industrial Commodities	322.6	324.0	314.0	311.3	311.7	311.6	315.3	-2.6

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

Paper and Allied Products Companies

Sales and Earnings

	Sales			Net Profit After Taxes			Earnings/Sales	
	1986	1985	Change 86/85	1986	1985	Change 86/85	1986	1985
	(Million Dollars)		%	(Million Dollars)		%	%	%
32 Paper and Allied Products Companies								
First Quarter	11,860	11,959	-0.8	412.8	522.9	-21.1	3.5	4.4
Second Quarter	12,690	12,314	3.1	624.5	584.7	6.8	4.9	4.7
First Half	24,551	24,272	1.1	1,037	1,108	-6.3	4.2	4.6
4 Forest Products Companies								
First Quarter	3,307	3,210	3.0	80.8	89.8	-10.0	2.4	2.8
Second Quarter	3,897	3,624	7.5	182.5	134.0	36.2	4.7	3.7
First Half	7,204	6,834	5.4	263.4	223.8	17.7	3.7	3.3
5 Paper Related Companies								
First Quarter	19,295	20,226	-4.6	613.8	306.3	100.4	3.2	1.5
Second Quarter	17,578	19,583	-10.2	754.7	638.6	18.2	4.3	3.3
First Half	36,873	39,809	-7.4	1368.5	944.9	44.8	3.7	2.4
6 Canadian Companies								
	(Canadian Dollars)			(Canadian Dollars)				
First Quarter	2,743	2,485	10.4	117.3	92.4	26.9	4.3	3.7
Second Quarter	2,924	2,670	9.5	137.1	78.7	74.2	4.7	2.9
First Half	5,667	5,155	9.9	254.4	171.1	48.7	4.5	3.3

Continued from Page 2

the total for 1986. This category also includes tube, can and drum stock; production of the recycled grades of this category has been fairly strong so far this year.

FIBROUS RAW MATERIALS

Producers' inventories of chemical paper grade market wood pulp continued to decline during June, falling to 18 days of supply. This compares to 32 days of supply evident at the end of June 1985 and 42 days of supply as of the end of 1984. These reductions reflect the current strength of demand for these grades of wood pulp both within the United States and in export markets.

The June 1986 rate of production, for example, was 10.5% above that of June 1985, and brought the first half 1986 total to a record-high rate of 6.17 million short tons per year, 13.8 per cent above the corresponding 1985 level and 8.6% above the record 1984 total.

As indicated by the reduction in producers' inventories, the level of shipment in the first half of 1986 was 5.5% above the production total, running at an annual rate of 6.5 million tons per year. The gains were shared in all markets, with shipments to the domestic rising 6% from their year-ago levels and export shipments rising 20%. All the major export markets shared this gain, with shipments to Western Europe rising by 24%, to account for 34% of total exports.

Data on imports of chemical paper grade pulp available for the first five months of 1986 show a 9.2% gain over their corresponding year-ago total. The January-May new supply rate was up by only 1.6%. After the higher level of shipments is taken into account, it appears that the total consumption of market pulp was about 3% its 1984 level even though output in some of its major markets -- white paper and tissue papers, for example -- showed greater gains. Nonetheless the trends are encouraging, with the first half 1986 production rate equivalent to 94% of the reported capacity.

Total wood pulp production in the January-May 1986 period, as shown in the table on page 5, was at a record-high of 56.6 million tons per year, 3.8% above its year-earlier total and 2.1% above its 1984 high. The new supply of chemical paper grade market pulp, however, showed a 3.3% gain, but this was offset by a small decline in new supply of other pulps.

These new supply trends are reflected in data on consumption of wood pulp at paper and paperboard mills shown at the bottom of page 5. The gain in wood pulp consumption recorded

Continued on Page 12

Continued from Page 11

there for the first five months of 1986 was 3.1%, compared to a 7.9% gain in consumption of waste paper. Waste paper consumption at paper and paperboard mills during this period ran at record-high rates, with the rate in this period some 3.5% above the 1984 high.

SALES AND EARNINGS

Net sales of 32 paper and allied products companies reported in the press totalled $12.7 billion in the second quarter of 1986, accounting for about two-thirds of the sales of all paper and allied product companies. This total was 3.1% above that of the second quarter of 1985, reflecting both the strength of market conditions and the record-high rates of production.

After-tax earnings of these companies followed a steeper trend, rising some 7% over their year-earlier level. While this brought the sales margin (after-tax profits as per cent of net sales) to 4.9% of sales, up from the first quarter's 3.5% and the year-ago's 4.7%, it still left the first half 1986 total some 6.3% below its corresponding 1985 figure.

The 1985-1986 pattern of sales and earnings was affected by shifts in ownership of several large paper and paperboard operations. For the most part, however, these changes were between companies in the paper and allied products, and the companies involved generally did not restate their past financial operations for the time prior to the sales or acquisitions. As a result, the over all industry totals described here are generally consistent from one time period to the next although individual company reports may not be.

The four lumber and wood products companies whose data are regularly published in the press showed relatively strong gains in sales and earnings in the second quarter of 1986, reflecting the effects of lower interest rates on housing, and hence on demand for lumber and wood products. The second quarter 1986 sales totals for these companies were 7.5% over their year-earlier level; after tax earnings were up 36%.

Results for the entire first half, however, showed a sales gain of only 5.4% with earnings up 17.7% for these four comapnies. The sales margins for these companies, because of their product structure, tend to be somewhat lower than that of the paper companies, as indicated by the 3.7% realized in the first half of 1986.

The table at the bottom of page 10 summarizes the sales and earnings data for the paper and wood products companies, together with those for several paper-related companies -- that is, companies outside the paper industry with major paper operations -- and several Canadian paper companies.

JULY 31, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD — Tons (000)	1984	1985	Apr	May	June	1986	
Total Production (API).....: excluding :...	68450	67056	5849	6044	5889	70506	4.9
Total Seasonally Adjusted....:construction:...			5847	5826	5868	69732	4.7
Imports (including Products).: and wet :..E	10576	11106	854	996	N.A.	11289	1.2
Exports (including Products).: machine :..E	4309	4009	408	408	N.A.	4694	17.3
Apparent Consumption.....: grades :...	74717 a	74153 b	6292	6415	6413	76327 c	3.5
Paper Production % Tonnage Capacity.....	92.7 g	90.5 g	92.0	90.4	91.2	92.1 gh	-
Paperboard Production % Tonnage Capacity.....	94.6 g	89.9 g	93.7	94.6	95.2	94.0 g	-
			Mar	Apr	May		
IMPORTS.....:Including Construction and :...	11075	11521	975	884	1029	11604	-0.8
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	424	416	415	4757	19.4
			Mar	Apr	May		
MARKET WOOD PULP PRODUCTION - Tons (000).....	6347	6800	636	587	613	7313	5.7
TOTAL WOOD PULP PRODUCTION - Tons (000).....	55470	54170	4844	4763	4732	56620	3.8
WOOD PULP IMPORTS - TONS (000).....	4490	4466	387	349	422	4500	0.4
WOOD PULP EXPORTS - TONS (000).....	3594	3791	414	358	365	4430	18.4
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Mar	Apr	May		
Wood Pulp.....:consumption for:.....	54562	53297	4739	4619	4668	55244	3.1
Waste Paper.....:construction & :.....	15926	15290	1413	1345	1427	16488	7.7
TOTAL.....: WMB grades :.....	70488	68632	6152	5806	5806	71733	4.1
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7478	7742	7499	90864	4.4
EMPLOYMENT (000)			Apr	May	June		
Paper and Allied Products.....Total.....	682.3	683.3	685.1	687.5	696.8	686.7	0.8
Pulp, Paper and Board Mills.....Total.....E	263.9	257.7	251.0	252.1	256.7	253.9	-2.2
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....	10.44	10.82	11.02	11.05	11.12	11.06	3.3
Pulp, Paper Mills.....E	12.45	13.11	13.36	13.42	13.53	13.42	4.1
Paperboard Mills.....E	12.99	13.60	13.87	13.90	13.97	13.89	3.8
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q3	1985 Q4	1986 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.53	8.64	9.60	8.46	8.85y	3.8
INDEX OF OUTPUT PER MAN-HOUR (1977=100).....			Apr	May	June		
:IN PULP, PAPER :...Production Workers.....	125.5	125.1	132.7	132.0	129.9	130.6	5.2
:AND BOARD MILLS:...All Employees.....	123.9	124.1	132.6	131.9	130.3	130.6	6.5
PAPER AND ALLIED PRODUCTS (Million $)			Apr	May	June		
Industry Shipments (Dept. of Commerce)*.....	95990	97664	8917	8853	9140	105392	8.3
Pulp, Paper and Paperboard*.....	41539	41830	3745	3686	3847	44340	6.3
Inventories (End of Period) - Total Industry*..	9701	9728	9763	9757	9789	9789	2.7
Pulp, Paper and Paperboard*.....	3662	3800	3901	3883	3883	3883	3.3
			1985 Q3	1985 Q4	1986 Q1		
Sales (Corporations Only).....	71891	71465	17868	17694	17575	70300	-0.8
Earnings (Corporations Only).....	3015	2880	597	695	589	2356	-17.7
Depreciation (Corporations Only).....	2798	3099	802	775	820	3280	7.5
Net Worth (Corporations Only).....	28160	29694	29564	29780	30033	30033	2.9
PRICE INDEXES (Bureau of Labor Stats)1967=100			Apr	May	June		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	290.1	291.3	292.1	289.7	-1.9
Wood Pulp.....	395.0	347.2	333.9	345.1	357.5	338.8	-5.1
Waste Paper.....	240.1	148.8	146.7	149.1	168.3	144.9	-12.5
Paper.....	303.2	303.6	303.4	304.3	304.5	302.7	-0.7
Paperboard.....	280.6	275.5	266.7	266.3	268.6	265.8	-6.5
PAPER DEMAND (INDEXED: 1977=100)			Apr	May	June		
Total Paper Production *.....	124.0	122.9	126.9	126.6	127.2	126.1	2.7
Paper New Supply *.....	127.6	128.7	128.9	134.8	133.5	131.7	2.4
Demand Indicators - (Weighted Average) *.....	136.7	142.1	146.2	147.2	146.8	145.6	3.5
Production of Nondurable Goods *...(21.2%).	122.5	125.5	129.3	129.7	129.6	129.1	3.9
Disposable Income .....*.(23.9%)	124.0	126.8	129.5	130.7	130.6	129.5	2.3
Total Printing and Publishing *...(54.9%).	147.8	155.1	160.0	161.1	160.5	159.0	3.7
Trend Factor			Not Available				
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.....	117.3	114.3	117.5	120.9	120.3	120.2	6.8
Production for Domestic Use	115.2	112.8	113.9	119.2	118.3	118.1	6.2
Demand Indicators - (Weighted Average) *.....	118.3	120.3	121.0	122.3	121.8	121.9	1.9
Production of Consumer Goods *...(62.06%)	118.2	120.7	122.5	124.4	123.9	123.6	3.3
Production of Equipment *...(5.75%)	140.5	147.1	143.4	143.5	142.6	144.1	-1.4
Production of Materials *...(32.19%)	114.6	114.7	114.0	114.4	113.9	114.6	-0.4
Trend Factor			Not Available				
NEWSPRINT MARKETS			Mar	Apr	May		
Consumption by Publishers - Tons (000).....	12602	12773	1107	1103	1139	12797	3.1
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	458.7	461.0	461.0	1103	2.2
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.).....	157798	153945	13733	13541	13994	150517	-1.3
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	3139	3213	3052	37298	9.8
Inventories (End of Period).	2724	3155	3169	3157	3096	3096	5.5
FIBRE BOX DATA (Fibre Box Association)			Apr	May	June		
Fibre Box Shipments (Million square feet).....	267549	267451	25245	23294	23419	281336	6.0
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2439	2394	2320	2320	-18.2
RETAIL TRADE (Million $)			Mar	Apr	May		
Total Retail Sales *.....	1291835	1378161	116684	117139	117053	1405666	3.6
Nondurable Goods Stores Sales *.....	841417	866541	73405	72535	72344	876266	2.3
GENERAL ECONOMIC DATA			Apr	May	June		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.5	125.2	124.7	124.1	125.1	0.9
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	297.9	299.2	298.9	301.7	-2.5
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	325.3	326.3	327.9	326.9	2.4
			Mar	Apr	May		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	488.7	545.6	550.2	556.8	556.8	13.9
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q4	1986 Q1	1986 Q2		
G.N.P. or Expenditure - Current $.....	3765.0	3998.1	4087.7	4149.2	4182.3	4165.8	5.8
G.N.P. or Expenditure - 1982 $.....	3489.9	3585.2	3622.3	3655.9	3665.7	3660.8	2.9

lb/capita

Pap&Papbd	Othr	Totl	Popul(mil)
.a - 631	+ 19	= 650	236.7
.b - 620	+ 18	= 638	238.6
.c - 636	+ 17	= 653	240.0e

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
Q - Quarter
R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

July 31, 1986

	PRODUCTION (000 TONS)					
	June 86	May 86	June 85	Jan. - June 86	Jan. - June 85	% Change 86/85
PAPER GRADES						
Newsprint	463	492	449	2791	2741	1.8
Printing & Writing	1610	1608	1475	9664	9296	4.0
Uncoated Groundwood (s)	122	120	115	743	736	0.9
Coated Paper (s)	506	497	462	3024	3081	-1.8
Uncoated Free Sheet Paper (s)	876	876	789	5215	4819	8.2
Thin Paper (s)	18	20	18	116	124	-6.6
Cotton Fiber Paper (s)	13	13	12	77	73	5.6
Bleached Bristols (s)	75	83	79	488	463	5.5
Tissue Paper	421	444	418	2555	2468	3.5
Total Pkg & Other Paper	417	435	415	2583	2604	-0.8
Unbleached Kraft Packaging & Indl. Converting (s)	274	282	265	1699	1699	.0
Other Paper *	143	153	150	884	905	-2.3
TOTAL PAPER	2911	2979	2758	17593	17110	2.8
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1508	1529	1321	8744	8204	6.6
Unbleached Kraft Linerboard	1385	1411	1207	8066	7622	5.8
Other Unbl. Kraft Paperboard	123	119	113	677	582	16.3
Semichemical Paperboard	452	457	417	2650	2520	5.2
Bleached Paperboard	347	373	323	2151	1978	8.8
Recycled Paperboard	670	705	639	4115	3806	8.1
TOTAL PAPERBOARD	2978	3065	2700	17660	16508	7.0
TOTAL PAPER AND PAPERBOARD	5889	6044	5458	35253	33617	4.9

WOOD PULP (ALL GRADES)	May 86	Apr. 86	May 85	Jan. - May 86	Jan. - May 85	% Change 85/84
Dissolving & Special Alpha	110	97	112	518	539	-3.9
Bleached Sulfite	116	119	120	580	588	-1.4
Unbleached Sulfite	15	14	16	71	96	-25.3
Bleached & Semi-Bl. Sulfate	1941	2003	1818	9911	9396	5.5
Unbleached Sulfate	1746	1723	1664	8544	8161	4.7
Semichemical	340	347	352	1689	1696	-0.4
Groundwood & Thermomechanical	464	459	441	2278	2253	1.1
TOTAL PULP DIVISION DATA	4732	4763	4522	23591	22727	3.8

(s) - Shipments R - Revised
P - Preliminary